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NORDISKA FÖRENINGSBANKEN

UNITAS

QUARTERLY REVIEW

ILLUSTRATING
TRADE CONDITIONS IN
FINLAND

N:o 2 **MAY**

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THE PRICE LEVEL AND THE VALUE OF THE CURRENCY

By G. MODEEN,
Head of the Social Research Office.

If we try to form an opinion of the present purchasing power of the Finnish currency by means of the available data concerning the trend of prices, the position seems fairly satisfactory in view of the enormous difficulties we have had to overcome. The cost of living index stood at 139 in March this year and the consumption price index of the Bank of Finland at 137.5 in the middle of April. The basis for these series is the period immediately prior to the outbreak of the war between the Great Powers. The wholesale price index for goods in the home market, which is based on the year 1938, was 164 in February. The latter number is, indeed, high, but not appreciably higher than the corresponding figure, e.g., in Sweden.

Since the outbreak of the war between the Great Powers wholesale prices have risen about 60 % and the cost of living about 40 %.

The deciding factor in this trend is, of course, the currency expansion that has occurred owing to the Government not having been able to balance its heavier expenditure by increased revenue, but having been forced to resort to borrowing from the Bank of Finland. The reduced supply of commodities also constitutes an important factor. As a counterweight to these price-raising factors the price control measures that the Government has gradually begun to introduce, have hitherto not proved to be of any great significance. Nor can the price checks expected to be effective, if they cannot be supported by the general currency policy. It is to be hoped, however, that the price control will, nevertheless, help to some extent in keeping the decline in the purchasing power of our currency within reasonable limits.

Prices have risen both on account of an increase in currency and of a reduction of stocks of goods, and there has been no effective control of prices.

The price-raising factor which it has, perhaps, been least possible to control, are costs of transport. The difficulties have proved to be of both a technical and an organising nature. This refers principally to transport by sea, for which rates of freight have risen many times over. Land transport also presents difficulties on account of the dearth of motive power, both mineral oil and coal. A certain improvement may, however, be discerned in the possibility of adopting the use of charcoal gas on a larger scale.

A factor that has hitherto raised prices very much consists in the cost of transport.

A level of prices that fluctuates considerably more slowly, but the in-

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fluence of which will be more lasting, is the rise in wages. This increase has, as a rule, occurred shortly after the general rise of commodity prices and does not constitute a primary cause of the latter. Besides, it is characterised by striking inequality, some wages not having risen at all. Relatively, the wages of manual labourers have probably risen most, especially in the case of certain Government works, in timber felling etc., in which the rise has fully corresponded to the increase in the cost of living. It would seem impossible to impose any restrictions on the rise in wages as long as the rising tendency of the price level continues.

Wages have also risen, as a rule in consequence of the general rise in prices.

The influence of the rise in wages on the general level of prices must not be overestimated. Our production is, indeed, largely of an agricultural nature: Wages in agriculture are paid to a large extent in kind, so that their total in cash is not high as a rule. At present, however, the case is rather different, as the evacuated population is obliged for the time being to resort to cash economy. The purchasing power which it represents has, however, been fairly low so far, but as the payment of compensation proceeds, there will be a considerable change.

Normally economy in kind plays an important part in Finland, so that a rise in wages does not have a decisive influence on the general price level.

The factor, the influence of which on the level of commodity prices it seems most difficult to control at present, are the liquid funds accumulated partly by the greatly increased flow of money from the Treasury for various purposes and partly by the sale of stocks, it being impossible to reinvest these funds in goods owing to the present shortage of commodities. Part of this speculative capital also consists of funds withdrawn from the banks during former times of crisis and not returned, and of other savings and current funds that were deposited with the banks in normal times, but are now withheld from them or are paid into cheque accounts. The agricultural population, in particular, seems to possess an ample supply of money, seeing that the rural savings banks record considerably increased deposits in spite of the phenomenon referred to.

It is especially difficult to control the influence that liquid funds, which are now abundant, exercise on the level of commodity prices.

A considerable part of these liquid funds finds investment in farm land, dealings in which have increased very much and the price of which has risen. The possibility of a satisfactory yield from the greatly increased price of land appears, however, to be very limited, as it may be assumed that the control of food prices will continue as hitherto. Investment in town houses has also occurred to a great extent at constantly rising prices. Such investments may seem attractive, as building costs have risen, but, as the control of house-rent has been tightened and is to be made more effective, the possibility of earning a reasonable yield on the high prices for real estate also seems to be doubtful in this case.

To a great extent liquid funds have been invested in agricultural land and in town houses.

These liquid funds also influence our Stock Exchange which reacts sensitively on account of its comparatively small turnover. Stock Exchange prices have recently risen to a height that in no way corresponds to the dividends that can be expected. As prices for products of our home market industry are subject to control which is apparently not likely to be removed within any measurable period, it is hard to understand, how the investment of capital at such prices can prove profitable. In addition, some branches of industry are struggling with the difficulty of obtaining raw materials. Owing to the trade prospects that can be foreseen at present, these remarks also apply in a great measure to the exporting industries. One of the main problems of our currency policy, therefore, consists in trying to neutralise the adverse effects of these liquid funds by tying them up to as great an extent as possible.

The plentiful supply of liquid funds has also made itself felt on the Stock Exchange and has forced the price of shares upward very much.

The most natural remedy, of course, is taxation. In present circumstances this remedy may seem rather difficult of achievement. However, the possibilities have not yet been exhausted in this respect. New forms of taxation should be considered. And in regard to accelerating the pace of collecting State taxes there is still much to be done.

Superfluous liquid funds must be tied up, mainly by taxes to the State.

The Government has also begun to apply the method of borrowing, and with a fair measure of success, so that it is natural that it should continue it. The heavier interest payments due to borrowing and the redemption of the loans will, of course, make appreciable demands in future on the State finances. Borrowing therefore signifies in reality only a postponement. It must be hoped, however, that the economic situation in the world will improve within a measurable period. Then the Government will be better able to balance its expenditure by means of actual State revenue, such as Customs duty etc. The service of a heavy internal debt may then prove considerably less onerous than seems possible at present.

Part of the liquid funds could also be absorbed by continued borrowing by the State.

Another method of maintaining the value of the currency in a better way and at the same time of restoring the balance of the State finances, which has been mentioned all too seldom in the discussion of currency policy, consists in cutting down the State expenditure or at any rate in checking its further rise. For various reasons this may not seem a very suitable time for urging this possibility. If, however, it is desirable really to succeed in the attempt to stabilise the value of our currency and our price level, such a reduction should not be ignored entirely, even though its accomplishment may involve considerable difficulty at present. Sooner or later considerations of economy must prevail again in drawing up the financial schemes of the Government and of other public bodies.

A reduction of State expenditure would also tend to reduce the surplus of funds in circulation and thereby to maintain the value of the currency.

TASKS AND PROBLEMS OF RECONSTRUCTION

The enormous work of reconstruction which is being carried out at present in Finland with a view to repairing what was destroyed in the war, replacing what was ceded for the sake of peace and providing fresh means of livelihood for about 12% of the total population of Finland, provides great tasks and hard problems, principally in regard to organisation, finance and technical means. Three important branches of this work — agricultural output, industrial output and the building of dwelling-houses — are dealt with below by three experts, each of whom is taking an active share in his own sphere in organising reconstruction work.

The prospects of increasing agricultural output

By K. J. ELLILÄ,
Head of the Board of Agriculture

In judging the prospects of Finnish agriculture fulfilling its task, on which the life of the whole nation is based, of providing a sufficient output of foodstuffs, it is worth while first to review the main features of the trend of the last couple of decades in this field. The following figures for 1920 and 1938 should give an approximate idea of it. The former year represents, on the whole, the level attained by Finnish agriculture, when conditions became stabilised after the Great War. The latter year depicts the situation before the outbreak of the present international crisis.

The progress of Finnish agriculture during the time between the Great War and the outbreak of the present general war was exceptionally favourable.

	1920	1938	Increase, %
Arable land, thousand ha	2 020	2 610	29
Total harvest, million cereal units [1])	1 940	4 210	117
Crop per ha, cereal units	960	1 580	65
Milk per cow per year [2])	1 870	2 850	53

The picture provided by these general figures of the progress made by agriculture in Finland during the first twenty years of the country's independence, is so favourable that few other countries can record anything like it for such a short space of time.

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[1]) Cereal unit = the nutritive power of 1 kg of cereal or 3,500 gross calories.

[2]) Referring to cattle belonging to control societies.

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The present position in Finnish agriculture appears to contrast very sharply with this bright picture, at all events on cursory examination. For at present agriculture has to encounter great difficulties which seem surprising, when contrasted with the former trend, if their upsetting causes are not considered at the same time. By the peace treaty of Moscow, signed on March 12th, 1940, Finland was obliged to cede a considerable part of her best agricultural area. Of arable land 280,000 ha or about 11 per cent were lost. As a result the crops of cereals were reduced by 74 million cereal units or by about 10 per cent, the potato crop by 11 per cent, the hay crop by 13 per cent, the supply of milk by 9 per cent and of meat by about 12 per cent. In addition, a considerable number of horses were lost in the war and large quantities of cattle, pigs and sheep in the evacuation of Carelia and other border districts. As the population of the territory ceded to Russia removed voluntarily in its entirety to within Finland's present frontiers, and as imports of foodstuffs and concentrated cattlefood have dropped to a fraction of what they were formerly on account of the blockade and other obstacles to transport, it is intelligible that the difficulty of supplying the population with food has been greatly increased for these reasons alone.

At present agriculture in Finland is encountering great difficulties.

War, cession of territory and blockade have increased the difficulty of the food supply.

But the difficulties in regard to the food supply have not been restricted to losses and difficulties due to the war, the cession of territory and the blockade. In addition, last year's harvest was unusually poor owing to the exceptional drought. The fodder crop was particularly small, in consequence of which the stock of cattle, pigs, sheep and hens had to be reduced still further. The feeding of even such a reduced number of livestock until the next grazing period has caused great difficulty.

The harvest was unusually poor for the current period of consumption.

But even under the burden of all these adversities and difficulties the future prospects of agriculture in Finland are viewed hopefully. The hopefulness is so great that it is expected that in a short time it will have proved possible not only to make good the losses referred to, but to raise agricultural output above the level it had attained at the outbreak of the present war.

In spite of everything the prospects of agriculture are regarded hopefully.

The question as to whether there is sufficient foundation for such optimism, is among the most important economic problems at the present time. Some circumstances of material and spiritual import, on which it seems possible to base such optimism, are touched on below in broad lines.

Although Finland lost 11 per cent of her arable land by the peace treaty, the remaining area, compared to that of some other countries in Europe, cannot in reality be called small. For the extent of farm land reduced to arable land in present-day Finland is 71 ha per 100 inhabitants, while the correspond-

ing figure for Germany, e. g., was 33, for Sweden 64, for Denmark 77, Holland 17, Switzerland 22 and for France 61 ha. For the whole continent of Europe, excepting the Soviet Union, the corresponding area is probably about 50 ha per 100 inhabitants. Already on the strength of these figures the prospects of present-day Finland being able to exist on the food produced within the country may be considered comparatively good. Besides, the exceptionally great opportunities of clearing new ground should be borne in mind. There is, it is true, no complete information as to the area of the land fit for cultivation and estimates of it vary considerably, but even at a cautious calculation this area in present-day Finland can probably be estimated at about 2.5 million hectares. The existing arable area could therefore be doubled in a couple of decades, if that was found necessary. It should be noted, however, that self-support in regard to food does not depend so much on the total agricultural area as on the size of the crop that can be obtained per surface unit. And if we examine the size of the crops per ha, e.g., of the principal cereal plants, we find that Finland, indeed, is considerably behind such countries as Germany, Sweden and Denmark, but grows appreciably larger average crops than, e.g., France, Italy, Hungary and the Baltic States.

Finland still has a proportionately large area of arable land.

The existing arable land can be doubled within 20 years by clearing new land.

The crops per unit of area are comparatively large and can be increased appreciably.

Thus, whether we base ourselves on the extent of the cultivated area or on the size of the average crops, we find that Finnish agriculture possesses good prospects of producing the principal foodstuffs even for an appreciably larger population than the present. This only holds good, of course, provided we are allowed to work in peace and that the climatic conditions do not become appreciably worse than they have been on the whole during the last two decades. These prospects are considerably improved, if we consider that both land cultivation and the breeding of domestic animals can be intensified considerably.

Finnish agriculture is well able to produce food even appreciably in excess of its own present requirements.

Apart from conditions imposed by nature, the intensity and expansion of agricultural output depend chiefly upon the character and size of the agricultural population. Finland is a typical peasant country. Of the total population close on 60 per cent belong to the agricultural population, and the major part of it, approximately 61 per cent, consists of land-owning, independent peasants and their families. Of the whole agricultural population hired farm labourers and their families represent about one-third, and tenants and trained foremen and other specialists in agriculture altogether about 8 per cent. The agricultural population evacuated from the territory ceded to Russia, approximately 40,000 families, consists principally of peas-

The agricultural population represents 60 % of the total population of the country.

ants, most of whom owned medium-sized or small farms of 5—50 ha of arable land. As urgent steps are being taken at present to enable this population to settle on land owned by the State, municipalities, parishes or companies, mainly in districts with large estates and fairly large peasant holdings, i.e. with an arable area exceeding 50 ha, the centre of gravity in Finnish agricultural output will be transferred to pure peasant holdings in the near future to a still greater extent than before.

The centre of gravity in the output of Finnish agriculture lies in medium-sized and small holdings (5—50 ha of arable land).

Finnish peasants are acknowledged to be skilful and hard-working, they are contented and very hardy people. For training purposes there are many schools of farming, cattlebreeding, dairy work and domestic economy, in which considerable numbers of peasant boys and girls have been, and still are, taught their trade for 1—1½ years and given practical training. Besides, there are numerous higher agricultural institutions for educating foremen and instructors.

Finland's agricultural population is skilful and hard-working.

From the above remarks it should be evident that good prospects undoubtedly exist, both as regards the natural conditions and the people, for the continued favourable development of Finnish agriculture. The hurried settlement of the Carelian farming population evacuated from the territory ceded to the Soviet Union, or the so-called urgent colonisation is, however, in the opinion of some experts a factor which may hamper this trend to a large extent in the immediate future. It cannot be denied that such large and urgent land reforms that cannot avoid splitting up many vigorous farms and resulting in the less economical use of their buildings and implements than before, usually lead to an appreciable falling off in output for some time. Obviously, this cannot be avoided in Finland either. Nevertheless, it should be noted that the new cultivators are to obtain only about half of the arable area intended for them at the expense of the existing arable land, the other half being provided by clearing fresh ground. In addition, many of the holdings which are bound to surrender fields for settlement purposes have the opportunity of breaking fresh ground instead of the arable land given up. According to the speed, with which the clearing of fresh ground can be carried out in connection with the urgent colonisation, the arable area lost in Carelia can be replaced within 6—10 years. The employment of the existing arable land can also, as already mentioned, be intensified appreciably. It seems probable that by this means a satisfactory food supply can be achieved on the basis of the country's own output in an appreciably shorter time.

The settlement of the agricultural population from the ceded territory is a hard problem.

By urgent settlement the evacuated population is to obtain land, about half already existing arable land, and about half by clearing fresh land.

Within a few years food production in Finland should again satisfy the country's own requirements.

When this extensive clearing and settlement work has been completed,

Finnish agriculture need not aim exclusively at satisfying consumption in the country itself, but can also develop a considerable output for export to Central Europe. The articles that agriculture can then export include butter, cheese, pork, eggs and other high-class products obtained from animals, for the production of which the Finnish peasants possess the necessary experience combined with good qualifications in other respects.

A little later Finland should again be able to export high-class products obtained from domestic animals.

Reflections on present manufacturing problems in industry

By LAURI HELENIUS,
Director of the Federation of Finnish Industries

To a large extent Finnish industry uses foreign raw materials, but the share in the total consumption of raw materials, which is represented by local raw materials and semiproducts, has been increasing. In 1913 43 per cent of the value of the raw materials employed were of foreign origin. Since then this share has decreased and has of late been below 40 per cent; in 1936 it was 38, in 1937 36, in 1938 33 and in 1939, the last year for which official statistics are available, also 33 per cent.

Finnish industry uses imported raw materials to a large extent.

The proportion between the Finnish and foreign raw materials consumed naturally varies appreciably in different branches of industry. For instance, in 1939 the smelting furnaces and metal works used 56 per cent of local raw materials and semiproducts, engineering works 37 per cent, the chemical industry 33 per cent, the leather industry 57 per cent, the textile industry 39 per cent, the paper and pulp industry 92 per cent, the timber industry 96 per cent and so on.

The present war between the Great Powers has to some extent altered these proportions and has caused industry considerable difficulties in obtaining raw materials. The woodworking industry has for a long time experienced difficulty in selling its output, but industry supplying the home market may be considered on the whole to have worked at full pressure even last year. For the future the position of this industry depends entirely on the manner, in which the buying and transport of raw materials can be organised. Figures are given below for some branches of industry, showing the trend of imports of the principal raw materials; the comparison embraces the time from 1938, the last normal year, to the first quarter of this year. These figures record a great falling off in 1940 all along the line. At the beginning of this year

The development of industry supplying the home market in the immediate future depends entirely on the possibility of obtaining important raw materials from abroad.

there were some signs of recovery, which are due to the fact that, in consequence of trade agreements, especially with the continental countries, it seems as though compensation might be found for the markets that are closed owing to the war.

Imports, in tons

	1938	1939	1940	1941 Jan.—Mch
Pig iron	29 000	40 900	13 300	600
Scrap iron	12 000	38 800	500	—
Billets	18 100	29 600	4 300	1 700
Sheet iron and steel	52 400	47 000	24 300	9 500
Iron and steel bars	65 500	73 300	62 000	18 100
Crude phosphates	46 100	30 100	6 000	3 100
Hides	8 400	7 300	4 700	40
Wool	2 600	2 300	1 900	600
Cotton	14 100	12 200	10 000	700
Coal	1 530 000	1 157 000	561 000	100 000
Coke	248 000	259 000	127 300	15 300
Lubricating oil	14 400	14 400	3 000	700

These figures make it safe to assume that the dearth of raw materials will increase the difficulties of many branches of industry to a constantly growing extent, and the limited quantities of raw materials that can be obtained from abroad in the course of this year in accordance with the trade agreements, can by no means brighten the picture of the future of industry. The shortage of iron and raw materials for the textile trade will be felt in particular.

It is to be expected that the supply of raw materials will grow still more difficult, especially in the case of iron and spinning materials.

By the Moscow peace treaty Finland lost $^1/_4$ of her harnessed waterpower, $^1/_7$ of the normal output of her sawmills, $^1/_4$ of her pulp mills and $^1/_6$ of her plywood mills, to cite only a few examples. The losses referred mostly to the exporting industries, but of the different branches of the home market industry the flour mills, e.g., lost $^1/_3$ of their productive capacity, the crude sugar factories almost $^1/_2$ etc. Besides, large supplies of raw materials were lost, seeing that, e.g., $^1/_{10}$ of Finland's forest area was on the other side of the new frontier. The industrial undertakings in the ceded territory represented over 10 per cent of the total number of industrial workpeople in the country and close on 11 per cent of the annual value of the output of industry as a whole.

Owing to the war, industry lost a considerable part of its capacity.

As the woodworking industry is experiencing trouble in disposing of its output under present conditions, new mills have so far not been built to replace those lost to this branch of industry. On the other hand, instead of Rouhiala, which was ceded, some new waterpower stations are being built, and the gaps among the factories in the ceded territory that had supplied the home market have been energetically filled.

New productive enterprises are being established to replace those ceded.

New industrial enterprises are being founded mostly in West and North Finland.

The experiences of the recent war have induced the new industrial undertakings to establish themselves in the west and north of the country, where industry had formerly not gained a footing to any great extent, principally because cheap waterpower was not available in those parts of the country. Now the Harjavalta power station has been completed and the Kolsi, Kuusankoski, Vaajakoski, Koivukoski and Merikoski power stations are under construction, so that, in the opinion of experts, Finland can fully supply the demand in the sphere of power economy and the question of motive power will not present any difficulty in regard to a rational expansion of industry.

Several new power stations are being built.

Owing to the present world situation, Finnish industry has been of late, and still is, faced by problems of great magnitude and difficulty. Its work makes great demands on those, whose duty it is to ensure the maintenance of industrial activity. The running of the factories and their regular work are threatened in many quarters by difficulties that are not easily overcome. The supply of cotton and wool from abroad has been interrupted to a great extent by blockade measures, artificial wool, rayon and vistra can also not be obtained in sufficient quantities, so that the textile mills are threatened with unemployment. Army orders have increased the demand for labour very much in the engineering industry, and the demand for skilled workmen in particular is greater than formerly. This demand can only be satisfied by degrees, i.e. as it is possible to train new workmen, but this takes time. The desirability of completing long deliveries rapidly has also increased the demand for machinery far beyond the existing possibilities of supply. The thought of the future supply of iron is causing anxiety.

The present world situation makes great demands on the management of industry.

In view of all this it is constantly necessary to draw up fresh plans for ensuring the continuance of industrial production with a view to adapting the work as flexibly as possible according to circumstances and to utilising the opportunities they provide. The steps taken are both negative and positive. Among the former is, e.g., an attempt in those spheres, in which there is a shortage of raw materials, to reduce consumption to such an extent that particularly the more important raw materials should suffice for the whole period, for which they are intended. This method has its limits, for the consumption of all raw materials cannot be reduced indefinitely without creating difficulty. Besides, the reduction of output leads to increased difficulties of supply, unemployment and reduced income from production. Therefore it is necessary to resort to negative measures of this kind as little as possible, but on the contrary to endeavour to adjust the employment of the raw materials by means of positive steps. In this respect the efforts of manu-

The shortage of some raw materials enforces rational restriction of consumption.

facturers have been devoted mainly to replacing the raw materials, of which there is a dearth, by others that can be obtained more easily and in larger quantities.

Some raw materials can be compensated by others, or replaced by substitutes.

Such an adjustment makes it necessary to control the use of some raw materials. On the other hand it is well-known that not all raw materials can be replaced by others, while in some cases such substitution is easy. By replacing raw materials, the supply of which is restricted, by others in all cases in which it is possible, such raw materials can be employed on a larger scale for requirements, where no substitution is possible. A few examples may be quoted. Cotton bags can be replaced to a great extent by paper bags, and thus more cotton can be made available for clothing purposes. Some kinds of cloth can be manufactured with advantage with an admixture of artificial fibre, which enables a larger output to be made of certain knitted goods and of some kinds of cloth that require more cotton and pure wool. In some cases some kinds of metals can also be substituted for others. In the building trade iron can often be replaced by cement and by wood etc. In this way it is therefore possible to remedy the shortage of raw materials to some extent. Consequently the discovery and employment of substitutes is one of the main tasks presented by the organisation of manufacture in unstable conditions.

The Government exercises influence on industrial activity in different ways, e.g. by indicating the general principles for it.

In the existing circumstances Finland's industrial production forms an organised entity, the activities of which are guided by the Government through its organs. The supply of raw materials from abroad is almost entirely dependent on contingents fixed by trade agreements, and the distribution of commodities in the country is carried out under the supervision of the Ministry of Supply. The directing activity of the Government is based on statistical information collected in regard to various branches of industry and regularly supplemented by fresh data from time to time. On the basis of such information from the individual industrial concerns centralised records of the supplies of raw materials in the country and their employment have been introduced. At regular intervals continuous data are supplied to the Government organs regarding the progress of industrial production, the consumption of raw materials and the demand for them. If the consumption of any material is larger than the stocks and fresh purchases permit, it is taken into consideration in good time that a reduction must be effected in one way or another in order that the stocks should not be totally exhausted too rapidly.

Industry has readily followed Government instructions in its work in accordance with existing conditions.

It has been possible to adopt measures of this nature owing to the Government and industry having combined to supplement each other in a body,

We have good prospects of replacing the losses in industrial output caused by the war.

in which the Government occupies the leading position, but in which men engaged in industry take part in the work. Industry and its associations have proved their readiness to adapt manufacture voluntarily to the demands of the existing conditions. Compulsory control has only been necessary in those cases, in which an actual shortage of raw materials has occurred.

Finland has large supplies of raw materials, chiefly timber and minerals, and an energetic and diligent population.

Finally the fact should be specially emphasised that only intensive industrial activity can create a measure of welfare that will enable the losses caused by the war and the peace treaty to be made good, and that Finland possesses good prospects of carrying on industrial activity. For the country has a large supply of raw material in timber, on which the various branches of the parallel and refining industries of pulp manufacture can be based with wood-sugar, artificial silk and artificial wool as the highest stages of refinement. The mineral resources have as yet not been investigated to a great extent, but it is already known that they too represent an extensive supply, on which invaluable opportunities can be based at present. The population is energetic and diligent. It leads a simple and healthy life. Thanks to all this the difficulties will assuredly be overcome, if only we are allowed to work in peace.

The basis, on which industrial activity in Finland is now being reconstructed, is a strong one.

Great wars have also been times of change for industrial activity. The old order that has in many cases outlived its day, disappears and a new one takes its place. War does not only destroy what has been created in the past, but also lays the foundations, on which a new growth can be built. And when such a foundation is built under the pressure of difficult conditions, there is reason to believe that it will also ride out the storms that may arise.

Dwelling-house building — an important branch of reconstruction

By JUHO HÄMÄLÄINEN,
General Manager of
the Real Estate Bank of Finland

Before the war, raising the standard of dwellings was one of the principal objects of housing policy.

During the years immediately prior to the present war between the Great Powers the raising of the standard of dwelling-houses was one of the main objects of our building trade. There had, indeed, been an appreciable improvement in our housing conditions during the period of Finnish independence, but on the whole the position was still far from satisfactory. The density of habitation was too great both in the rural districts and in the towns, and actual overcrowding was very frequent.

Our war and the peace of Moscow with the consequent extensive evacuation of the population have now confronted our housing policy with new gigantic problems. It is no longer a question of raising the housing standard in the ordinary sense, but of ensuring the indispensable accomodation for a considerable part of the nation. This enormous work is all the more exacting, as we cannot entirely set aside the tasks of housing activity which arise too in normal times in consequence of changes occurring in the conditions of population.

Now it is mainly a question of providing indispensable dwellings for a large part of the nation.

The demand for new dwellings that is due to marriages and other ordinary changes in conditions of population, has been estimated in Finland at about 12,500 dwellings annually. The satisfaction of this normal demand for dwellings will necessarily have to be somewhat neglected in present circumstances, as it is essential to endeavour to organise housing conditions as quickly as possible for the people evacuated from the ceded territory.

The normal demand for new dwellings due to changes of population is estimated at 12,500 annually.

About 440,000 people were evacuated from the ceded areas. Of these about 343,000 came from the rural districts and about 97,000 from the towns. If we calculate that on an average one dwelling is required for every 4 persons, the total requirements for the evacuated population amount to approximately 110,000 dwellings which corresponds almost exactly to the total number of dwellings in the ceded territory, i.e. 112,000. In connection with the urgent settlement scheme plans have been made for building about 38,000 dwellings, of which 29,000 on farm holdings and 9,000 in dwelling areas. Apart from the settlement scheme it will therefore be necessary to build 72,000 dwellings. If we assume that the former proportion between the population in the rural districts and in the towns remains approximately unaltered among the evacuated population, 47,000 of the latter number of dwellings will have to be built in the rural districts and 25,000 in the towns. In reality the number of people who are anxious to settle in towns and other centres of population is probably slightly larger than might be concluded from these figures.

About 110,000 dwellings are required for the population evacuated from the ceded territory.

It is estimated that about 38,000 new dwellings will be provided in connection with the urgent settlement scheme.

Statistics seem to show that in the 1930's fully 20,000 dwellings were built annually on an average in Finland, of which about 13,000—14,000 in the rural districts and over 7,000 in towns and urban districts. On the assumption that building continues at the same pace in the country as during the period referred to, the loss of dwellings caused by the cession of territory would be made good by 5—6 years' normal building work. But, if the normal increase in the demand for dwellings due to changes in the population is taken into account, a period of fully ten years must be allowed for restoring the situation that existed in our housing conditions prior to the war.

In the 1930's an average of fully 20,000 new dwellings was built yearly.

Even if the building of new dwellings were carried on as intensively as in the 1930's, the housing requirements of the evacuees would only be fully satisfied in about 10 years.

The accomplishment of such an extensive building scheme calls for considerable quantities of capital and building materials, while at the same time it demands the employment of a great deal of skilled labour. Any preliminary calculations must, especially under the existing circumstances, be very approximate. As regards, in the first place, the building activity proposed in connection with the urgent settlement scheme, it was estimated a year ago that the buildings on farm holdings would cost 93,000 marks on an average and in dwelling areas 41,500 marks. Owing to the rise in prices these figures can probably be increased at a cautious calculation to 120,000 and 60,000 marks. The buildings for 29,000 farm holdings and 9,000 dwelling areas would at this rate demand about 4,000 million marks.

The provision of the necessary number of new houses requires much capital, building materials and labour.

The building of 38,000 urgent settlement houses is estimated to cost about 4,000 million marks.

In regard to satisfying the demand for dwellings for the rest of the evacuated population it can probably be assumed that it will be proportionately dearer than the building being done in connection with urgent settlement. Assuming that a flat of two rooms on an average is built for each family and that the building costs, apart from the cost of the land, amount to 100,000 marks for such a flat, the total cost of the 72,000 dwellings required would be 7,200 million marks. The provision of dwellings for the entire evacuated population would therefore cost altogether 11,200 million marks. As the housing demand due to ordinary changes in the population amounts to about 12,500 dwellings annually or 125,000 dwellings in ten years, the capital required for this purpose, according to the estimates referred to, would amount to 12,500 million marks. In the result therefore it would be necessary to build dwellings in Finland during the next ten years for 23,700 million marks or fully 2,000 million marks a year.

The supply of the remaining demand for new dwellings is estimated to cost about 7,200 million marks.

In examining the building operations that were carried out in this country before the outbreak of war, it seems evident that for many years such large funds were invested in building dwellings that, according to present values, they amount to fully a couple of thousand million marks annually. In theory therefore the realisation of the ten years' scheme indicated above should not be impossible of accomplishment. It should also be noted that the war between the Great Powers curtails our foreign trade very largely, which forces our economic life to devote more attention than before to the requirements arising within the country, above all to reconstruction.

During the next 10 years new dwellings should be built for over 2,000 million marks on an annual average.

According to preliminary calculations, about 2,000 million marks are likely to be invested in the building of dwellings during 1941. Approximately half of this amount would refer to the urgent settlement scheme in the rural districts and by force of circumstances would be financed mostly by the Government, while the other half would refer to dwellings in towns and

other centres of population. The latter form of building would be divided about equally between the so-called public utility building supported by Government and actual private building. For public utility building the life insurance companies have undertaken to provide 200 million marks during this year and next through the intermediary of the Government to supplement direct Government aid, and hopes are entertained of obtaining 75 million marks from the savings banks exclusively for financing detached houses. Thus the Government should in various ways finance an overwhelming part of this year's building schemes. As the commencement of building on the new holdings is being delayed for various reasons, it is impossible to say at present, how large a part of this year's plan is likely to be accomplished. It is also obvious that not all the numerous public utility building operations to be started this year will be completed everywhere in the course of the year.

The provision of houses proposed for 1941 is estimated to require about 2,000 million marks, the greater part of which will be provided by the Government.

In studying the prospects of building operations principal attention is devoted above all to the question of finance. It has already been stated that in present circumstances the Government's share in financing the work is decisive. Reconstruction should be dealt with as the concern of the whole nation, and all our available funds should be devoted to it. The greater part of the annual national income, which was estimated before the war at over 20,000 million marks according to values at that time, is employed for daily expenditure on consumption and only a small part is tied up in long-term investments. As our standard of living has dropped, because the supply of many articles of consumption has been rendered difficult owing to the war, we are now forced to economise. And by our economising, labour is converted into fresh capital. The great proportion of these funds will be taken by the Government in the form of taxes and loans in order thereby to keep our working machinery going, and in connection with this its greater part will serve reconstruction. In this way, while foreign trade decreases, we will maintain an artificial boom in the country which will, indeed, increase the internal national debt, but which is necessary both in regard to the livelihood of the population and for the work of reconstruction to be successful. Under such conditions there should be no reason to fear that building activity cannot be tolerably financed by the joint efforts of all.

The financing of the housing plans for 1941 seems possible of achievement by joint efforts.

Building activity is, however, greatly hampered on account of the difficulty of obtaining some building materials in sufficient quantities. In regard to some important articles, such as iron, insulating materials and varnish, we are almost entirely dependent on imports from abroad. At present, however, the supply of such articles cannot be increased ad libitum.

The present shortage of goods is causing great difficulty, especially in the case of goods that have to be imported.

For instance, imports of iron for building purposes have been so restricted that in many spheres of building only about half of the estimated demand can be satisfied. This circumstance has already resulted in considerable curtailments in the case of some building schemes and has made it necessary to introduce wooden inner roofing even in dwelling houses, wherever this has been feasible.

A shortage of skilled workmen may be experienced in many places, especially in the country districts. It is probable, however, that as building activity gets fully under way in the rural districts, the apparatus can gradually be increased very effectively by various measures.

In spite of all difficulties we should seem able continuously to build about 20,000 new dwellings annually.

It is obvious that the accomplishment of our enormous scheme for building dwelling-houses will encounter great difficulties at various stages. The dearth of some building materials will be most detrimental. But in spite of all difficulties, it seems possible for us to carry on comparatively intensive building work, if we are reasonably economical in regard to some articles. At present it is not feasible to obtain a complete picture of all our opportunities, for much valuable time has been consumed by the necessary work of planning and organising. With proper management of the work we should be able continuously to build twenty thousand dwellings annually, which in itself means a rapid improvement in the housing situation.

A GLANCE AT THE FIRST QUARTER

The work of building up what the war had destroyed has continued resolutely. The existing international situation has not made it an easy task, for one thing because we have not been able to obtain as much of what we needed from abroad as before. Nor has it been possible for us to dispose there of the surplus of what we produce. In spite of all difficulties, however, economic life has been kept going tolerably, and progress has again been made in most spheres.

The work of economic reconstruction has continued with satisfactory results.

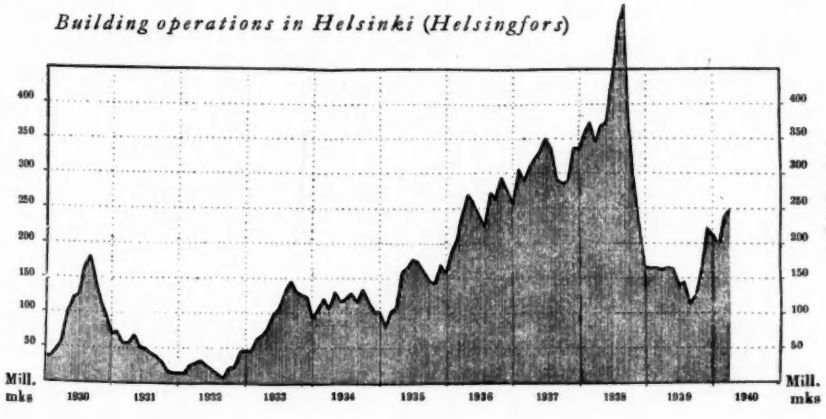
INDUSTRY. The external difficulties that our industry has had to encounter since the outbreak of the war between the Great Powers, have not decreased during the last few months, rather the reverse. The supply of the necessary foreign raw materials has encountered growing obstacles and the same may be said of the disposal of the products of our exporting industries abroad. Nevertheless, it proved possible to maintain productive activity during the first quarter approximately on the same scale as during the previous months and partly even to increase it.

Although industry had to overcome greater difficulties, its output not has decreased.

Index of industrial production; level in 1935 = 100

Quarter	Value of home market industry					Volume of exporting industry				
	1937	1938	1939	1940	1941	1937	1938	1939	1940	1941
I	145	152	161	166	212	114	122	114	32	45
II	136	145	157	178		121	102	102	42	
III	151	149	163	181		123	95	98	42	
IV	148	146	149	210		110	103	56	36	

Building operations in Helsinki (Helsingfors)



The diagram indicates the amount of capital required at various dates for completing buildings begun in Helsinki Helsingfors).

The value of *industry supplying the home market*, which was very high during the whole of last year, has risen this year by another couple of points. But, if it is considered that commodity prices increased to no inconsiderable extent at the same time and that, in addition, the turnover tax raised the recorded manufacturing value to some extent, it seems evident that the volume of production has not expanded during the last few months, but has on the contrary been slightly reduced.

Home market industry has been fully occupied on the whole; the value of its output for the first quarter is estimated at about 4,000 million marks or slightly higher than for the previous quarter.

Index of the value of home market industry; level in 1935 = 100

Quarter	Metal goods, machinery				Textile goods				Foodstuffs and luxuries				Building materials			
	1938	1939	1940	1941	1938	1939	1940	1941	1938	1939	1940	1941	1938	1939	1940	1941
I	177	233	226	236	150	144	166	184	145	131	159	213	166	202	72	278
II	202	189	222		109	106	178		141	160	171		174	225	113	
III	193	206	207		114	123	149		146	162	194		166	197	158	
IV	161	181	270		130	153	160		149	147	189		184	122	238	

The metal and machinery industry, which was fully occupied throughout 1940, has found it difficult to obtain sufficient raw materials, in consequence of which the output has fallen off slightly. The textile industry also seems already to have felt the dearth of raw materials, although it has still further increased its output during the last few months. The increase in output has been particularly large in the building materials industries, the footwear industry and partly in the foodstuffs industry.

The increase in output was particularly large in the building materials industries, while the textile and metal and machinery industries, which experienced trouble in obtaining raw materials, record a moderate increase of output or none.

Index of the volume of exporting industry; level in 1935 = 100

Quarter	Sawn timber				Paper and pulp products				Plywood			
	1938	1939	1940	1941	1938	1939	1940	1941	1938	1939	1940	1941
I	98	80	19	41	140	135	41	47	135	139	46	60
II	82	78	41		118	113	38		117	136	58	
III	76	76	45		107	108	35		122	129	62	
IV	82	31	32		117	72	36		129	76	67	

Index of home market industries; value of production; level in 1935 = 100

Month	Goods for productive purposes				Goods for consumption				All goods			
	1938	1939	1940	1941	1938	1939	1940	1941	1938	1939	1940	1941
January	172	219	151	233	149	143	160	208	152	161	154	219
February	160	210	204	250	145	131	188	205	150	158	193	222
March	174	212	200	227	147	143	143	190	153	163	151	199
April	196	222	203		138	137	188		151	161	191	
May	181	159	164		129	135	163		146	150	163	
June	181	178	211		116	143	169		139	160	179	
July	170	166	186		117	141	160		140	146	165	
August	188	207	186		138	148	212		155	165	193	
September	174	192	214		141	165	165		149	176	182	
October	148	158	267		137	147	175		142	150	210	
November	160	161	237		154	162	190		156	161	209	
December	166	163	250		133	131	188		140	136	213	

In the *exporting industry* output has grown again slightly on the whole, so that this year it has been relatively larger than in any quarter in 1940. The sawing of timber is estimated at 125,000 stds for the quarter as against only slightly above 100,000 on an average per quarter during last year. The demand is very great and there has been a shortage of certain dimensions. Prices have not been satisfactory in proportion to the cost of fresh raw materials. They have been fixed for almost all exported goods by general agreements and for sale in Finland by price limits fixed by the authorities. — The output of plywood amounted to about 27,000 cub. m. for the quarter or as much as the average per quarter in 1940.

The output of the exporting industries was still greatly hampered, though a slight increase can be recorded.

The demand for sawn timber is large, sawing has increased somewhat, but the necessary raw materials are not available.

As already indicated, the output of paper and pulp products was, on the whole, on the increase. This is evident from a comparison not only with the corresponding period last year, but also if the average quarterly figures for 1940 are taken as a basis of comparison. Thus, the output of chemical pulp increased from 133,000 tons per quarter last year to 171,000 tons this year, while exports decreased at the same time from 63,000 to 54,000 tons. The output of paper increased from 56,000 to 72,000 tons and the corresponding exports from 24,000 to 32,000 tons. On the other hand, both the output and exports of mechanical pulp were reduced to insignificant proportions. The orders in hand for various kinds of paper and pulp products have increased again slightly and at the end of the quarter they represented for chemical pulp 2 months' normal output, for newsprint about 4 months' and for other qualities of paper about 3 months' output.

The output of paper and pulp products has increased appreciably, but exports so far considerably less. Orders in hand have begun to increase.

Building operations, which were started energetically at the end of last year, have been very lively this year. This is shown, among other things, by the following figures for the consumption of cement in Finland, though

Index of exporting industries; volume of production; level in 1935 = 100

Month	Sawn timber				Products of paper and pulp industries				All goods			
	1938	1939	1940	1941	1938	1939	1940	1941	1938	1939	1940	1941
January	89	74	21	35	141	135	56	47	118	111	42	43
February	101	82	19	40	136	135	44	46	121	115	34	45
March	102	83	17	49	144	135	24	48	126	116	22	49
April	98	85	42		124	111	40		113	104	43	
May	90	85	44		130	122	42		112	109	45	
June	58	63	37		100	105	33		83	90	39	
July	67	74	43		106	110	31		90	100	39	
August	84	97	49		107	117	35		98	112	45	
September	78	54	41		112	95	39		98	80	43	
October	84	43	39		115	76	33		103	64	38	
November	78	32	31		120	93	33		102	68	35	
December	83	22	27		116	46	42		103	38	37	

they include the recently increased consumption of cement for other purposes than housebuilding.

Index of the total consumption of cement in Finland; level in 1935 = 100

Quarter	1938	1939	1940	1941
I	154	233	64	280
II	171	237	71	
III	172	216	109	
IV	199	127	231	

Building operations have been very lively.

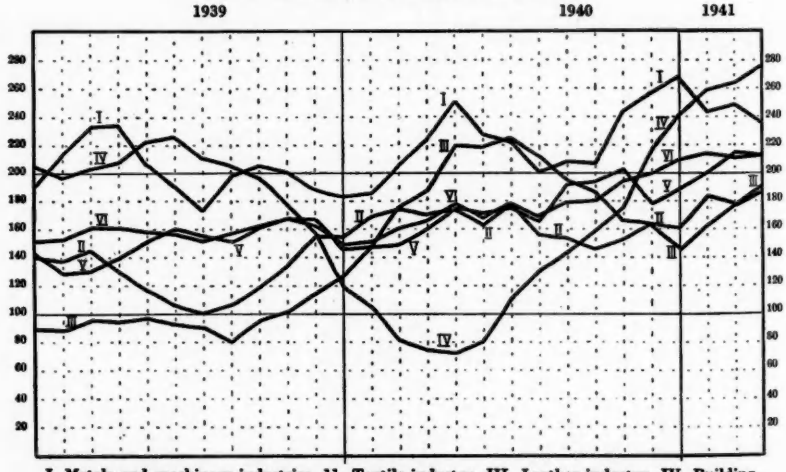
The figures for building operations in Helsinki (Helsingfors) also indicate great activity at the present time.

Index illustrating building operations in Helsinki; level in 1935 = 100

Quarter	Plans approved Total cubic contents				Buildings inspected Total cubic contents			
	1938	1939	1940	1941	1938	1939	1940	1941
I	230	124	0	140	176	200	7	179
II	185	289	5		406	458	225	
III	156	334	24		114	74	183	
IV	401	38	119		210	103	251	

During the quarter buildings were completed in Helsinki to the total value of 130 million marks and at the same time plans for new buildings were approved representing a sum of 160 million marks. It is calculated that a total amount of 250 million marks was required at the end of the quarter for completing buildings under construction.

Index of home market industries; value of production;
3 months' averages for 1939, 1940 and 1941.



I. Metals and machinery industries, II. Textile industry, III. Leather industry, IV. Building materials industries, V. Foodstuffs and luxuries industries, VI. Total home market industry.

PRICES. This year too prices have in general been on the rise. Imported goods rose most. The shortage of goods in the world market has made itself increasingly felt, difficulties of transport likewise, circumstances that have tended to make c.i.f. prices dearer. During the first quarter of this year they are calculated to have been about 90 per cent higher on an average than during the corresponding period in 1939 and about 35 per cent higher than in 1940. Wholesale prices in our home market have not risen as much, but they were probably about 60 per cent higher in the middle of the quarter than two years ago. The cost of living has increased less, up to March this year according to the officially calculated index on the basis of peacetime consumption by 39 per cent and on the basis of rationed consumption by 21 per cent, in both cases in comparison with the level before the war.

Prices have continued to rise, import prices most, home market prices in wholesale trade less and retail prices least of all.

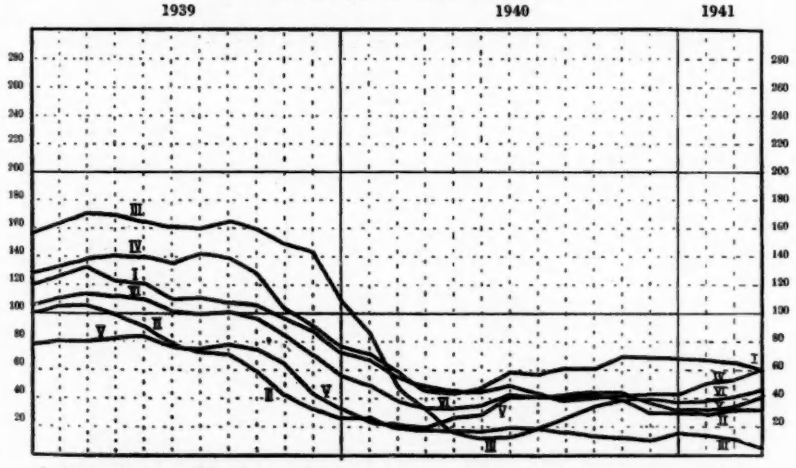
In comparison with the rise in prices for imported goods, the increase in f.o.b. prices for our exported goods has been very slight.

Export prices have only risen moderately.

FOREIGN TRADE. Trade with other countries was still greatly hampered, chiefly by a shortage of goods and transport difficulties. In order, however, to increase foreign trade as much as was possible, a number of trade agreements with foreign countries were concluded during the last few months, either extending and supplementing existing agreements or entirely new treaties. The most extensive are the agreements with Germany, Sweden and Denmark. The first of these covers a total trade of over

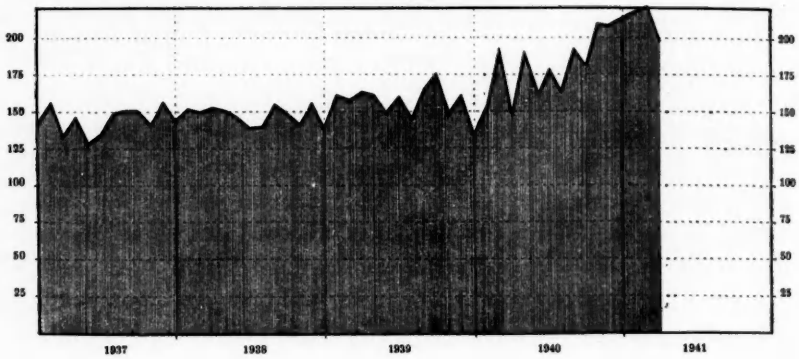
During the first quarter new or supplementary trade agreements were concluded with several countries.

Index of exporting industries; volume of production;
3 months' averages for 1939, 1940 and 1941.

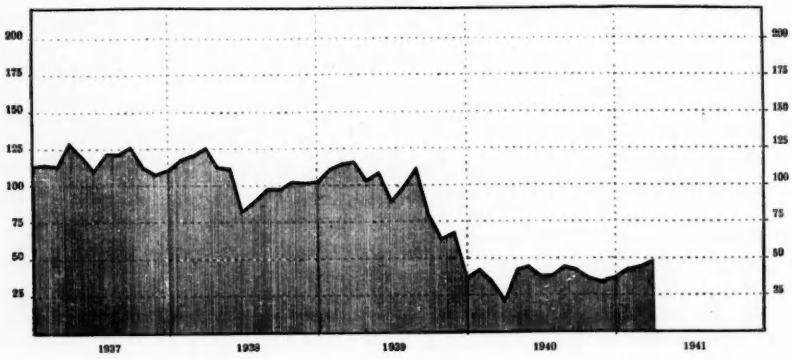


I. Chemical pulp, II. Mechanical pulp, III. Newsprint, IV. Plywood, V. Sawn timber, VI. Total.

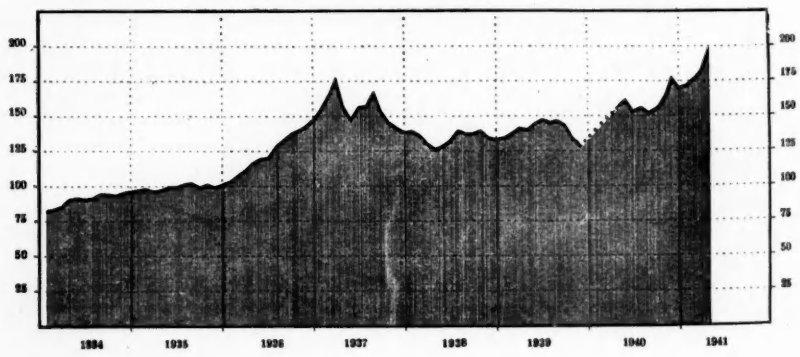
Index of home market industries; value of production; level in 1935 = 100



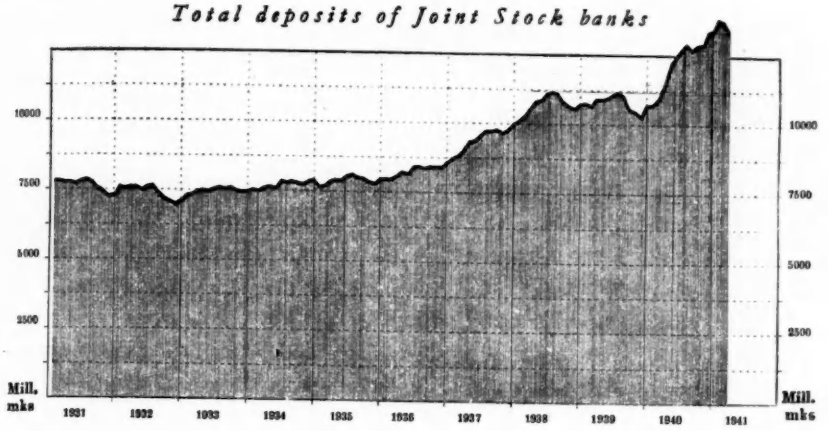
Index of exporting industries; volume of production; level in 1935 = 100



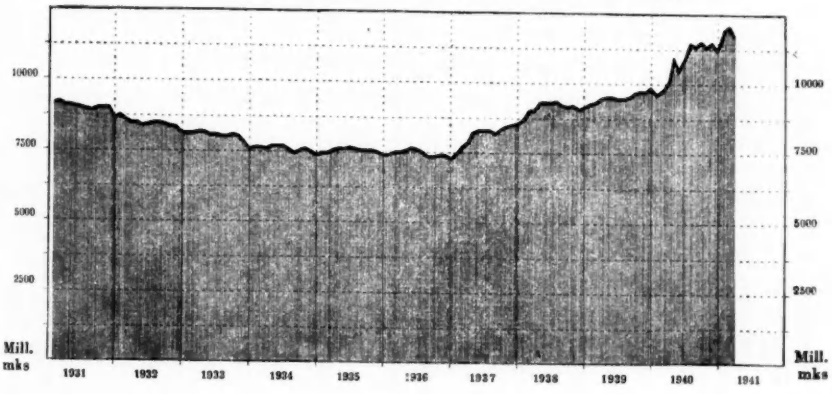
Index of prices for industrial shares; level in 1935 = 100



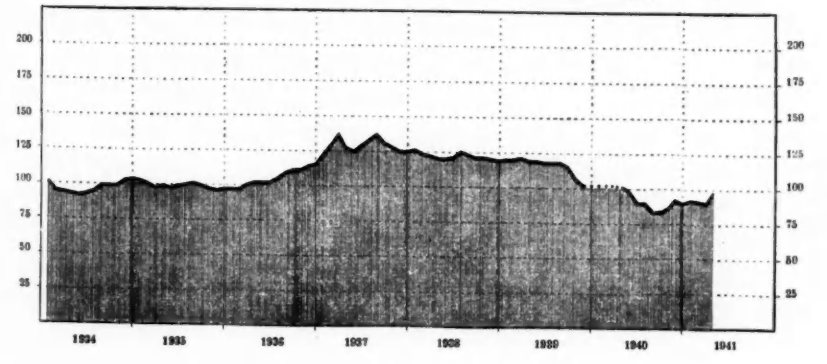
Total deposits of Joint Stock banks



Credits granted by the Joint Stock banks



Index of prices for bank shares; level in 1935 = 100



7,000 million marks up to the end of this year, the agreement with Sweden refers to trade amounting to about 750 million marks up to the end of October, and the Danish agreement to trade amounting to about 160 million marks during the first half of the year.

The volume of imports was twice as large as a year ago, but only about 60 % of the imports for the first quarter of 1939.

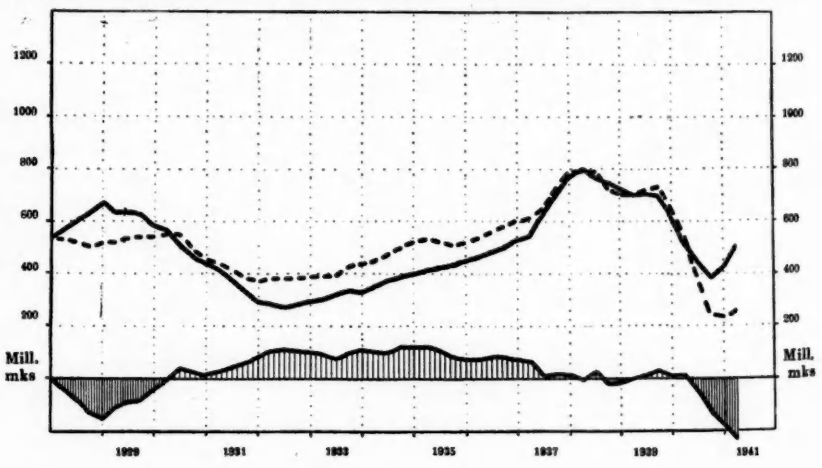
During the first quarter *imports* of so-called civil goods amounted to 1,348 million marks in value as against 487 million during the corresponding period in the previous year and 1,750 million during the first quarter of 1939. These figures do not, however, give a correct idea of the volume of trade, as a considerable change has occurred in the level of prices in the meantime. It may be estimated that the c.i.f. prices for imports were on an average about 90 per cent higher this year than during the corresponding period in 1939 and about 35 per cent higher than in 1940. If this is taken into account, it will be seen that the volume of imports was, indeed, approximately twice as large as in the first quarter of last year, when Finland was at war for about $2^1/_2$ months, but only about 60 per cent of the imports in 1939.

Distribution of imports

	Value in million mks			Proportion, %		
	1939	1940	1941	1939	1940	1941
Articles for production	*1 098*	*316*	*872*	*62.7*	*64.8*	*64.7*
of which: raw materials etc.	621	235	592	35.4	48.2	43.9
machinery, means of transport etc.	477	81	280	27.3	16.6	20.8
Articles of consumption	*654*	*172*	*476*	*37.3*	*35.2*	*35.3*
of which: foodstuffs etc.	231	132	241	13.2	27.0	17.9
other articles of consumption	423	40	235	24.1	8.2	17.4

Important raw materials and machinery etc. for purposes of production were imported principally.

The greater part of the imports was again for purposes of production this year. Important raw materials, such as iron and steel, mineral fuel,



The diagram illustrates the course of the balance of trade in 12 months averages. The line of dashes refers to exports, the continuous line to imports, the sparsely shaded surface to the surplus of exports and the closely shaded one to the surplus of imports.

spinning materials, fatty oils, fertilisers and chemicals were imported most. Imports of some kinds of machinery and chassis for motor lorries were also comparatively large. In regard to foodstuffs and luxuries too imports were fairly considerable, chiefly of cereals, fats, tobacco and sugar.

Exports reached a total amount of 552 million marks during the first quarter in comparison with 299 and 1,510 million respectively during the corresponding period in 1940 and 1939. In this case rises in price also played no inconsiderable part. The volume of exports may probably be estimated for the first quarter of this year at barely 30 per cent of the exports during the corresponding period in 1939 and at about 150 per cent of the exports during the first quarter of 1940. Of the total exports this year, amounting to 552 million marks, paper and pulp products, chiefly paper, sulphite pulp, sulphate pulp and cardboard, represent 274 million, timber goods, chiefly sawn timber, plywood and pulpwood, 137 million and metal goods about 50 million.

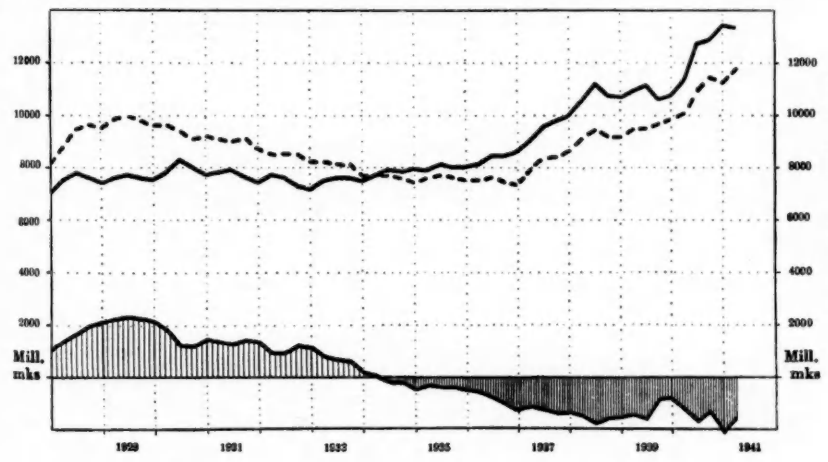
The volume of exports was about 50 % larger than a year ago, but only about 30 % of the exports for the first quarter of 1939.

The *balance of trade* has so far proved very adverse this year in figures, the surplus of imports amounting to 796 million marks as against a similar surplus of only 188 and 178 million in 1940 and 1939. Considerable contracts for exports have, however, already been made, so that greatly increased exports may be expected, when the ice conditions improve.

The balance of trade has so far proved adverse with a surplus of imports of about 800 million marks.

THE MONEY MARKET. The state of the money market must still be described as easy, although very considerable demands were made on it during the quarter. The home credits of the Joint Stock banks increased by 490 million marks in all — mostly in short-term investments — while

Great demands were made on the money market during the quarter.



The diagram illustrates the deposits and credits of the Joint Stock banks. The line of dashes refers to total credits, the continuous line to total deposits, the sparsely shaded surface to surplus of credits, the closely shaded one to surplus of deposits.

deposits fell off by 50 million and the margin of deposits was thus reduced by 540 million marks. A further sum of about 200 million marks was invested in bonds, besides which bankers' drafts were redeemed for considerable amounts. Against these disbursements there was a reduction of cash amounting altogether to 820 million marks. That money was, nevertheless, easy, is shown by the fact that the first reconstruction loan of 1,000 million marks issued by the Government in the middle of February was fully subscribed within a month and that by the middle of May 500 million marks had been subscribed of the premium bond loans for 200 million marks issued by the Government in April and of the second reconstruction loan of 1,000 million issued in May. And yet there remained a surplus of deposits in the Joint Stock banks amounting to 1,700 million marks at the beginning of May, while the cash totalled 1,240 million. — In the savings banks and savings funds deposits increased during the quarter by about 160 million marks.

The Government has issued 3 loans amounting to 2,200 million marks in all with a good deal of success.

The Bank of Finland extended its home credits by only 50 million marks. The note circulation grew still further during the quarter by about 170 million marks to 5,720 million, the note reserve remained almost unchanged, but the reserve of foreign currency was reduced by 110 million marks to about 1,070 million at the end of the quarter.

The balance of payments grew slightly worse during the quarter, the total foreign assets of the Bank of Finland and the Joint Stock banks being reduced by 118 million marks and their liabilities by only 13 million. On the other hand the foreign clearing debts of the Bank of Finland decreased by 127 million marks. At the end of the quarter the total net foreign balances amounted to 505 million marks, from which clearing debts totalling 211 million must be deducted.

The balance of payments has become slightly worse.

Joint Stock banks; figures showing the position at the end of each month; million marks

Month	Deposits				Surplus of deposits				Cash			
	1938	1939	1940	1941	1938	1939	1940	1941	1938	1939	1940	1941
January	6 980	7 610	6 953	7 597	1 405	1 499	1 098	1 859	1 034	1 076	965	1 326
February	7 068	7 647	7 002	7 635	1 239	1 334	1 170	1 613	893	684	1 060	1 171
March	7 250	7 743	7 110	7 672	1 497	1 462	1 289	1 646	1 193	869	1 212	1 032
April	7 332	7 769	7 218		1 513	1 370	1 253		1 371	877	1 169	
May	7 389	7 744	7 337		1 530	1 493	1 948		1 365	1 100	1 321	
June	7 534	7 865	7 509		1 824	1 666	1 788		1 482	1 237	1 218	
July	7 572	7 860	7 525		1 831	1 665	1 485		1 465	1 099	957	
August	7 553	7 797	7 467		1 951	1 493	1 381		1 534	968	919	
September	7 493	7 591	7 439		1 611	893	1 391		1 314	644	1 099	
October	7 480	7 229	7 379		1 458	738	1 568		1 308	646	1 295	
November	7 476	7 004	7 409		1 475	604	1 861		1 367	566	1 601	
December	7 549	6 940	7 470		1 543	856	2 185		1 234	809	1 854	

THE STOCK EXCHANGE. The tendency to invest available funds in real values that was visible in many quarters, was reflected by an increased demand, especially for industrial shares, during the last few months. The price index for the latter rose during the first quarter by 7 per cent on an average, and in April there was a further rise of about 10 per cent. On the other hand bank shares were practically stable during the first three months of the year, but they too rose in April by about 8 per cent.

Index for the price of shares; level in 1935 = 100

	1938 March	1939 March	1940 March	1941 Jan.	1941 Feb.	1941 Mach	Change during quarter, %
Bank shares	*101*	*138*	*123*	*92*	*92*	*91*	± *0*
Industrial shares	*112*	*178*	*131*	*172*	*177*	*182*	+ *7*
General index	*108*	*163*	*128*	*147*	*150*	*153*	+ *5*

The Unitas index (1935 = 100) was unchanged for the quarter for bank shares, but rose for industrial shares by 12 points and for all shares by 7 points on an average.

The total turnover on the Helsinki Stock Exchange amounted to 101 million marks during the quarter as against 153 million during the previous quarter.

HOME TRADE. Commodity trade was again very large in extent during the last few months. The figures for sales were in general higher than during the previous quarter, though the increase is solely due to higher prices, partly owing to the inclusion of the turnover tax. The general trend of the total value of commodity trade is shown in the following table.

Index of commodity trade; level in 1935 = 100

Quarter	1938	1939	1940	1941
I	153	146	115	197
II	138	150	148	
III	146	171	149	
IV	146	120	184	

The value of home trade increased again, a consequence of the turnover tax and higher commodity prices.

Index of home trade, prices of shares and cost of living; level in 1935 = 100

Month	Home trade				Prices of shares				Cost of living			
	1938	1939	1940	1941	1938	1939	1940	1941	1938	1939	1940	1941
January	163	146	131	217	135	129	.	147	108	109	121	146
February	153	139	126	191	132	131	.	150	108	109	123	150
March	146	151	93	187	128	134	.	153	107	109	126	151
April	143	150	142		125	133	138	167	107	109	130	
May	136	148	153		126	136	141		106	108	130	
June	135	153	149		129	137	133		106	108	128	
July	138	152	143		135	136	134		106	109	133	
August	144	166	151		133	136	129		108	109	134	
September	152	195	151		132	133	132		108	112	135	
October	144	131	168		133	125	139		109	115	139	
November	143	119	181		130	120	150		109	117	140	
December	148	108	205		129	.	146		109	117	142	

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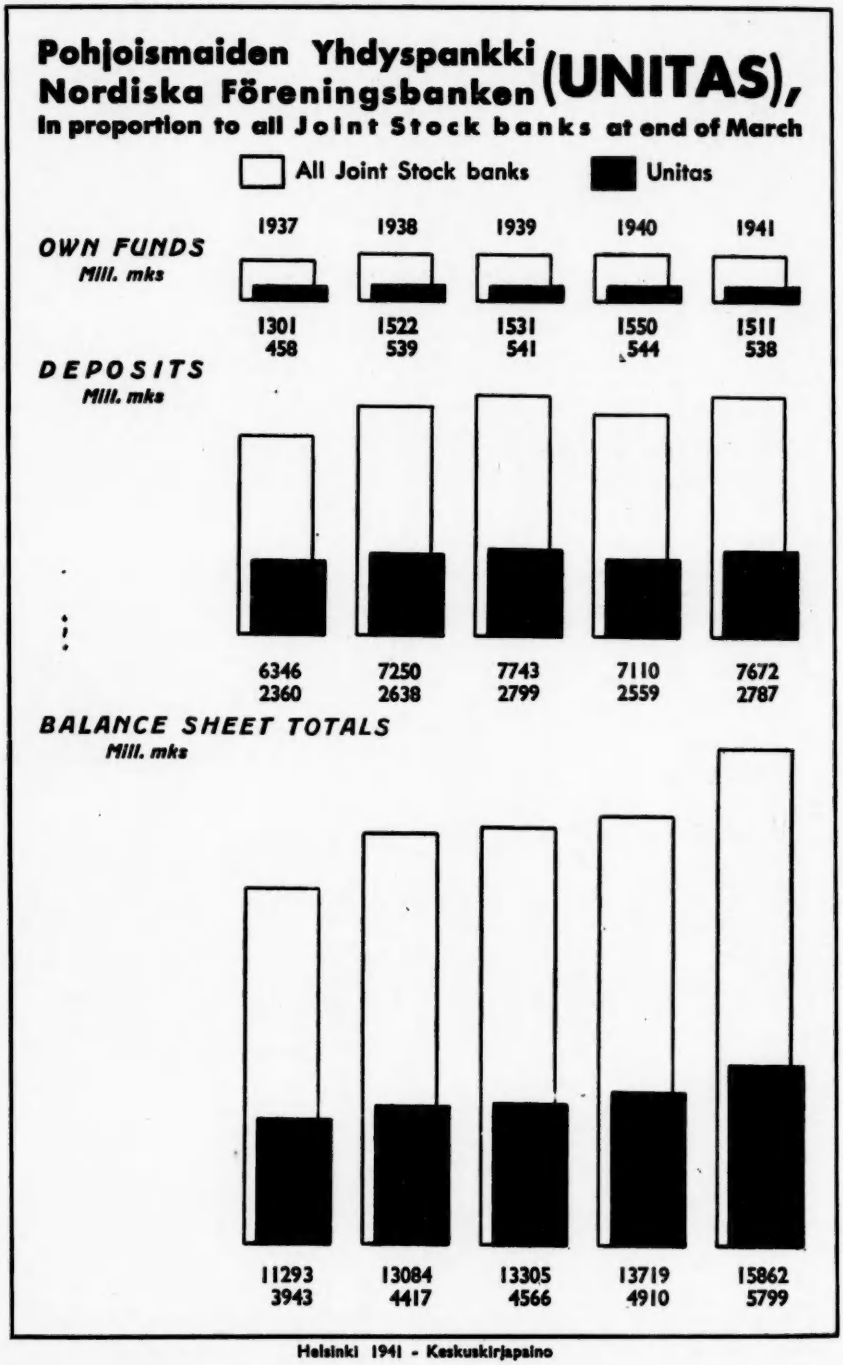
NORDISKA FÖRENINGSBANKEN

BALANCE SHEET MARCH 31st 1941

LIABILITIES	*Finnish Marks*
Capital paid up	280,000,000: —
Reserve Funds	241,161,847: 80
Undivided Profit	16,533,284: 91
Deposits	2,787,258,711: 78
Current Accounts	1,993,118,388: 78
Credit Institutions in Finland	119,353,169: 90
Foreign Correspondents	97,563,298: 90
Bankers' Drafts	42,201,556: 55
Sundry Accounts	183,386,864: 15
Surplus	38,488,900: 27
mk	5,799,066,023: 04

ASSETS	*Finnish Marks*
Cash in hand and with Bank of Finland	333,176,864: 88
Credit Institutions in Finland	21,876,145: 10
Foreign Correspondents	88,805,128: 01
Bills	1,437,259,510: 95
Loans	2,253,236,454: 12
Overdrafts	557,881,735: 55
Government and other Bonds	697,759,662: 05
Bank Premises	121,275,085: 35
Sundry Accounts	287,795,437: 03
mk	5,799,066,023: 04



Helsinki 1941 - Keskuskirjapaino